

European Market Wrap - 2nd February 2026

- European bourses opened lower but gradually moved higher as the session progressed to display a positive picture in Europe; US equity futures were in the red, but are now firmer, in-fitting with the risk tone.
- DXY firmer whilst the CHF lags; JPY digests PM Takaichi comments, as the press framed her comments as talking up a weak JPY, but this was later pushed back on by the PM.
- ISM Manufacturing tops expectations; USD gains whilst USTs dip.

EQUITIES

- European equities were largely firmer, paring back losses after initially opening lower due to weaker metal prices and concerns around the tech sector after Nvidia's CEO Huang said that the Co. will not be investing USD 100bn into OpenAI. However, sentiment has picked up as metal prices rebounded, as well as gains in Oracle (+2.4%), offsetting concerns around the tech sector after Fitch affirmed the Co. with a stable outlook.
- European sectors were mostly higher, picking up some momentum after the mixed opening. Leading sectors were **Food Beverage (+2.1%)**, **Telecommunications (+1.6%)** and **Travel & Leisure (+1.7%)**. Food Beverage & Tobacco has been underpinned by gains in **Danone (+5.2%)** and **Nestle (+3.4%)** following news that the EU industry association noted a final anti-subsidy duty on EU dairy products at lower levels than in provisional duties from China, to go as high as 11.7% vs. a maximum 42.7% in the provisional duties. At the bottom of sectors was **Energy (-0.4%)**, pressured by crude prices. Elsewhere, **Basic Resources(+0.1%)** has also clawed back some gains after initially trading as low as -2.1%.
- US equities initially opened mixed but are now trading in an upward direction, coming off worst levels seen in the early premarket and initial opening. **The Russell 2000 (+0.6%)**, **Dow Jones (+0.6%)**, **S&P 500 (+0.3%)** and **Nasdaq (+0.2%)** are firmer. On a macro level, ISM data was firmer than expected, driving up sentiment. Elsewhere, US President Trump announced that he's launching a USD 12bn mineral stockpile to counter China. This has triggered an upside in rare earth Co's like **MP Materials (+1.7%)**. Tech giant **Oracle (+2.4%)** has also created waves in the market with the Co. announcing plans to raise USD 45-50bn this year to expand its Cloud infrastructure; Fitch rates senior notes offering 'BBB' & affirms IDR w/ outlook stable.

FX

- DXY was flat for much of the session, but then picked up in the afternoon, to trade with modest gains heading into the US ISM Manufacturing data. Upside in the index which appeared to follow a piece via Bloomberg, which noted that US President Trump reportedly launched a USD 12bn mineral stockpile to counter China. On the ISM data, USD gained from 97.40 to 97.52 within a couple of minutes; headline topped expectations with the inner components also strong.
- G10s were initially mixed, but are now broadly lower vs USD. The CHF lagged, as the risk tone picked up throughout the session. EUR was little moved to the EZ PMIs, where the bloc-wide figure was revised a touch higher. GBP similarly not moved by PMIs, whilst BoE commentary via Breeden did not touch on monetary policy.
- Elsewhere, the JPY was pressured as the USD picked-up. Overnight, the JPY gapped lower as markets reacted to PM Takaichi comments over the weekend, and then her push-back thereafter. In brief, her initial comments seemingly talked up the benefits of a weaker JPY – but this was later clarified by the PM. On the subject of Takaichi, recent polls suggest that the ruling LDP is likely on course for a landslide victory at the snap election this upcoming Sunday. In more detail, Asahi reported that the LDP-JIP coalition could "secure more than 300 seats", far surpassing a simple majority of 233. USD/JPY looks to close the session in a 154.54-155.51 range.

FIXED

- Fixed benchmarks began on the front-foot. Gains spurred by the weak APAC and early-morning risk tone amid a myriad of factors.
- USTs got as high as 112-02, but have since pulled back modestly into the red. S&P Final Manufacturing spurred no move while the ISM Manufacturing figure saw a headline beat and a strong breakdown, though Prices disappointed consensus. Sending USTs to a 111-19+ low, with downside of six ticks.
- JGBs began the week on the backfoot, down to a 131.32 low, amid the latest election polling. However, the pressure proved somewhat fleeting given the global risk-off move and as XAU remains for sale, fixed has benefited. Action that was sufficient to lift JGBs into the green with gains of c. 10 ticks and the 10yr yield below 2.25%; however, the 40yr yield remained firmer and near highs of 3.94%.
- EGBs contained in the morning. Bunds found allure overnight in-fitting with USTs to gains of c. 20 ticks at best. However, the benchmark came for sale in European trade as the risk tone improved. Set to end the day lower by c. 10 ticks, in 127.92 to 128.38 ranges.
- Gilts lead early doors. Catching up to the overnight bid. However, as above, they have since faded from best but, unlike peers, remain in the green with gains of c. 20 ticks.
- Italy's Tesoro is set to sell a new 15 year BTP bond via syndication.
- Around five borrowers are looking to raise capital in the US IG bond primary market on Monday, according to a Bloomberg

survey.

- **Fitch Rates Oracle's (ORCL) senior noted offering 'BBB' and affirms IDR, with outlook stable.** Fitch Ratings has assigned Oracle Corporation's proposed benchmark size unsecured bonds a 'BBB' rating. The company will use net proceeds for general corporate purposes which may include capex, debt repayment, and acquisitions. Fitch has affirmed Oracle's Long- and Short-Term Issuer Default Ratings (IDRs) at 'BBB' and 'F2', respectively. The Rating Outlook is Stable. Oracle expects to raise USD 45-50bln in cash through the new noted and equity issuances.

COMMODITIES

- **Crude** benchmarks sold off at the start of the APAC session, following the overnight news that a US-Iran meeting is on the table this week, easing tensions that have arisen over recent weeks. **WTI** opened below USD 65/bbl and drove to a trough of USD 61.44/bbl as the European session got underway. The global risk off tone also helped spur oil prices lower but has helped stabilise the market as sentiment reversed throughout the day. As the US session got underway, earlier losses slightly pared back with **WTI** re-approaching USD 62.50/bbl.
- **Precious metals** continued to freefall, with **spot XAU** dipping to USD 4402/oz while spot silver briefly reversed the entirety of its 70% 2026 gains. Dip buyers stepped in as the European session got underway and pared back the majority of the early selloff. **XAU** reversed to a peak of USD 4812/oz and stabilised above USD 4700/oz as trade stateside got underway. ISM manufacturing PMI came in stronger-than-expected and entered expansion, however this failed to move the yellow metal.
- **3M LME Copper** gapped below USD 13k/t and drove to a low of USD 12.4k/t, as global risk sentiment soared at the start of the week. Weak Chinese PMIs also weighed on the red metal initially. As the risk tone brightened as European traded continued, **3M LME Copper** briefly regained the USD 13k/t handle before hovering around USD 12.8k/t.
- **Kazakhstan's Tengiz oilfield production** is expected to reach 430k BPD by the 4th February.
- **Union for workers at Chile's Monteverde mine** said they will meet with the company to negotiate the end of the strike.
- **Brazil's oil production reached a record 3.77mln BPD in 2025, +12% Y/Y; Dec 4.015mln BPD, +17.4% Y/Y, according to AMP.**
- **Chevron's (CVX) January export of Venezuelan crude oil has reportedly more than doubled to 220k BPD from 99k BPD in December.**
- **EU** is said to be considering a ban on imports of Russian copper and platinum under the new sanctions.
- **Kuwait oil minister** said oil prices are 'acceptable' given current circumstances.
- **Vista (VIST)** announces a transaction to acquire Equinor's (EQNR NO) assets in Vaca Muerta.
- **ConocoPhillips (COP) executive** said expect to see destination free shipping contracts grow to 50% of LNG market by 2030, up 25% from a decade ago. In Doha, projects gas demand to grow 2-3% annually, with energy demand seen growing 4-5%.
- **EU Commission spokesperson** said the current figures do not suggest that the EU is over-reliant on one gas supplier.
- **Germany's Economy Minister** said NatGas supply is secure and there is additional import capacity.
- **Turkey** raises lower price limits on some gold and silver funds.
- **OPEC Secretariat receives updated compensation** plans from Iraq, the United Arab Emirates, Kazakhstan, and Oman.

EUROPEAN DATA

- **UK S&P Global Manufacturing PMI Final (Jan)** 51.8 vs. Exp. 51.6 (Prev. 50.6).
- **UK Nationwide Housing Prices YoY (Jan) Y/Y** 1.0% vs. Exp. 0.7% (Prev. 0.6%).
- **UK Nationwide Housing Prices MoM (Jan) M/M** 0.3% vs. Exp. 0.3% (Prev. -0.4%).
- **EU HCOB Manufacturing PMI Final (Jan)** 49.5 vs. Exp. 49.4 (Prev. 48.8).
- **German HCOB Manufacturing PMI Final (Jan)** 49.1 vs. Exp. 48.7 (Prev. 47.0).
- **German Retail Sales YoY (Dec) Y/Y** 1.5% (Prev. 1.1%).
- **German Retail Sales MoM (Dec) M/M** 0.1% vs. Exp. -0.2% (Prev. -0.6%).
- **French HCOB Manufacturing PMI Final (Jan)** 51.2 vs. Exp. 51.0 (Prev. 50.7).
- **Italian HCOB Manufacturing PMI (Jan)** 48.1 vs. Exp. 48.1 (Prev. 47.9).
- **Spanish HCOB Manufacturing PMI (Jan)** 49.2 vs. Exp. 49.9 (Prev. 49.6).
- **Swedish Swedbank Manufacturing PMI (Jan)** 56.0 (Prev. 55.3).

TRADE/TARIFFS

- **US President Trump warned of a very substantial response if Canada enacts a trade agreement with China**, while he added that the US does not want China to take over Canada, which would happen with the deal that they are looking to make.
- **South Korean Industry Minister Kim** said they will speed up the implementation of investment legislation after returning from talks with the US, which he said cleared up misunderstandings regarding tariffs.
- **EU industry association** said on Friday that China proposed final anti-subsidy duties on EU dairy products at lower levels than in provisional duties with the final Chinese anti-subsidy tariffs on EU dairy products to go up to 11.7% vs. a maximum 42.7% in provisional duties.

CENTRAL BANKS

- **ECB SAFE: "Inflation expectations were broadly unchanged across horizons, with firms continuing to report upside risks to their long-term inflation outlook."** Firms reported a net tightening in bank loan interest rates and in other loan conditions related to both price and non-price factors. Financing needs rose modestly, accompanied by a small perceived decline in availability. Inflation expectations were broadly unchanged across horizons, with firms continuing to report upside risks to their long-term inflation outlook. The use of artificial intelligence is widespread among euro area firms, though most firms use it very infrequently or moderately.
- **BoE's Breeden said that she's exploring an option of retail payments without cards.**

GEOPOLITICS

RUSSIA-UKRAINE

- EU is said to be considering a ban on imports of Russian copper and platinum under the new sanctions.
- UK is revoking the accreditation of a Russian diplomat and any further action taken by Russia will be considered an escalation and responded to accordingly.
- **Russia's Kremlin** said that they have narrowed their differences on some issues with Ukraine but not on complex issues, next round of trilateral talks on Ukraine will take place in Abu Dhabi on Wednesday and Thursday.

MIDDLE EAST

- **Iran negotiations not focused on enriched nuclear transfer.**
- **Iran's Top Military Commander** said we have revised its defence doctrine to an offensive one, via journalist Abas Aslani.
- **US-Iran talks to be within the framework of nuclear issue, via Fars.**
- **Iranian President Pezeshkian has ordered the start of negotiations with the US, Iran International reported citing Farz News sources.**
- **Israeli officials report that US envoy Witkoff** is to visit Israel for meetings with Israeli PM Netanyahu.
- **Iran's Foreign Spokesman said the details of a diplomatic process with the US is currently being reviewed with hopes that the framework for negotiations will be finalised in the coming day, via Abas Aslani on X.** Tasnim adds "...negotiations are likely to take place at the level of Iranian Foreign Minister Abbas Araqchi and US envoy Whitkoff". Talks could begin in the next few days. A push underway to make the talks occur.
- **Iran's foreign Ministry** said US President Trump has not set a deadline for negotiations, via Alhadath on X.
- **Iran announces it has summoned all the EU ambassadors in the Islamic Republic to protect the bloc's listing of the paramilitary Revolutionary Guard as a terror group.**

NOTABLE NORTH AMERICAN NEWS

- **US President Trump launches a USD 12bln mineral stockpile to counter China, according to Bloomberg news.**
- **US Federal Maritime Commissioner DiBella wants to focus the agency on geopolitical risks to the US' exporters/importers and play a bigger role, WSJ reported.**

NORTH AMERICAN DATA

- **US ISM Manufacturing PMI (Jan) 52.6 vs. Exp. 48.5 (Prev. 47.9, Low. 47.9, High. 49.9)**
- **US ISM Manufacturing Employment (Jan) 48.1 (Prev. 44.8, Rev. From 44.9)**
- **US ISM Manufacturing Prices (Jan) 59.0 vs. Exp. 60.5 (Prev. 58.5)**
- **US ISM Manufacturing New Orders (Jan) 57.1 (Prev. 47.4, Rev. From 47.7)**
- **Canadian S&P Global Manufacturing PMI (Jan) 50.4 (Prev. 48.6)**
- **US S&P Global Manufacturing PMI Final (Jan) 52.4 vs. Exp. 51.9 (Prev. 51.9, Rev. From 51.8)**

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